

CompTel®

ORIGINAL

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October 16, 2002

EX PARTE AND ATTORNEY

RECEIVED

Ms. Marlene Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

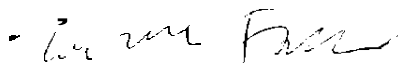
Re: Ex Parte Notice in CC Docket Nos. 01-338, 96-98 and 98-147

Dear Ms. Dortch:

This letter is to provide notice in the above-captioned proceedings of *ex parte* meetings on October 15, 2002 by Jonathan Lee and the undersigned of The Competitive Telecommunications Association ("CompTel"), Alan Dole of Dominion Telecom, Pete Manias and Steve Crawford of El Paso Global Networks, Robert Onsgard of FPL Fibernet, and Brett Kilbourne of the United Telecom Council. The parties met with Christopher Libertelli, Legal Advisor to Chairman Powell, and Jordan Goldstein, Senior Legal Advisor to Commissioner Copps. Pursuant to Section I. 1206 of the FCC's rules, our presentation and this letter are being filed electronically for inclusion in the public record of each of these dockets, with the exception of the confidential materials provided by El Paso Global Networks. These materials were previously filed in the aforementioned dockets on October 4, 2002.

Please contact the undersigned if you have any questions or require additional information.

Sincerely,



Maureen Flood  
Director, Regulatory and State Affairs

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# CompTel

## Briefing on Issues Affecting Wholesale Telecommunications Carriers

October 15, 2002

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Alan Dole, Director-Telecom Regulatory Affairs, Dominion Telecom  
Lin Altamura, Associate General Counsel, Duke Energy Corporation  
Tony Cockerham, Director-Engineering and Planning, DukeNet Communications, LLC  
Henry Campen, Parker Poe Adams & Bernstein  
Steve Crawford, General Counsel, El Paso Global Networks  
Pete Manias, Senior Vice President-Regulatory El Paso Global Networks  
Robert Onsgard, Contracts Manager, FPL Fibernet  
Brett Kilbourne, Associate Counsel, United Telecom Council  
Jonathan Lee, Vice President-Regulatory Affairs, CompTel  
Maureen Flood, Director-Regulatory and State Affairs, CompTel

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# Introduction

- Dominion Telecom
  - DukeNet Communications
  - El Paso Global Networks
  - FPL Fibernet
  - United Telecom Council
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# Network Investment

- CompTel members have invested significant capital to build their own networks.
    - Dominion Telecom [insert &] and {insert fiber miles}
    - a DukeNet Communications [insert \$] and [insert fiber miles]
    - El Paso Global Networks [insert \$] and [insert fiber miles]
    - FPL Fibernet [insert \$] and [insert fiber miles]
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# Unbundled Network Elements

- A healthy retail telecommunications market is necessary for a healthy wholesale market.
    - Wholesale carriers create competitive markets by competing directly with the ILECs.
    - Wholesale facilities create network diversity and redundancy.
    - Wholesale carriers sell to everyone: CLECs, ILECs, ISPs, wireless carriers, IXCs.
    - If the FCC restricts or eliminates UNEs, it will harm segments of the retail market, creating a dangerous domino effect.
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# Unbundled Network Elements

- Wholesale carriers use UNEs in the following ways
    - UNEs allow wholesale carriers to avoid the “last mile” obstacle.
    - UNEs allow wholesale carriers to create redundancy in their own networks.
    - UNEs also allow wholesale carriers to complete sections of their network where it may not be cost-effective to build.
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# Unbundled Network Elements

- Lack of access to capital has restricted new facilities deployment.
  - Wholesale carriers face many of the same impairments that effect retail carriers; this impairment requires access to UNEs.
    - First mover advantage/building access
    - Rights-of-way
    - Economics
    - Delay
-

# Unbundled Network Elements

ORIGINAL

- Wholesale carriers “add value” to UNEs.
    - Wholesale carriers often deploy complementary facilities in combination with the UNE, e.g., “lighting” dark fiber with optronics.
    - Wholesale carriers also differentiate services that are provided across the UNE through the deployment of, or connection to, the carrier’s own facilities, e.g., “five-9s” reliability.
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# ORIGINAL Unbundled Network Elements

- In short, the FCC must maintain a broad list of UNEs, including the following:
    - ❑ High capacity loops
    - ❑ Dark fiber
    - ❑ Multiplexing
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# Dark Fiber

- The FCC should preserve and clarify dark fiber unbundling obligations.
    - The dark fiber UNE should include splicing, similar to DSL loop conditioning.
      - Many state commissions require splicing.
    - ILECs must not be able to impose use restrictions on any UNE.
      - For example, BellSouth's restriction on the use of dark fiber to serve wireless carriers is not supported by the Telecom Act or policy considerations.
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# ORIGINAL Dark Fiber

- Dark fiber unbundling requires, rather than discourages, facilities investment by competitors.
  - Lighting dark fiber requires significant optical equipment investment. 8 to 1 ratio (lighting versus laying). This stimulates equipment spending.
  - Dark fiber often creates beneficial network redundancy by supplementing competitor-deployed facilities.
  - Dark fiber allows wholesale carriers to leverage and encourage alternative facilities investment.

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# Conclusion

- Sustainable competition requires a vibrant wholesale telecommunications market.
    - The FCC must maintain the availability of a comprehensive set of UNEs at TELRIC-based rates.
    - The FCC should clarify dark fiber unbundling requirements and should not impose any restrictions on UNEs.
    - These actions will create regulatory certainty and promote facilities deployment.
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**Dominion**  
Telecom<sup>SM</sup>

## **CompTel / FCC Meetings**

Alan Dole, Director Telecom  
Regulatory Affairs



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## Dominion - Who We Are

We are one of the nation's leading natural gas and electric power companies with:

- Over \$34 billion in assets
- Over \$10 billion in annual revenue
- \$1,053 million in operating earnings (and growing)
- About 4.3 million natural gas and electric customers
- One of the nation's largest independent oil and gas exploration companies

History back to 1888 in the energy business



## **Dominion Telecom- Who We Are**

### **Dominion, by year end 2002, will have:**

- Invested over \$600 million in its fiber-optic network
- Lit over 9,500 route miles of fiber-optic cable

Complete build out will be 16,600 route miles

- Operate a network of over 346K fiber miles.

Complete build out will be 426K fiber miles



# Dominion Telecom Overview

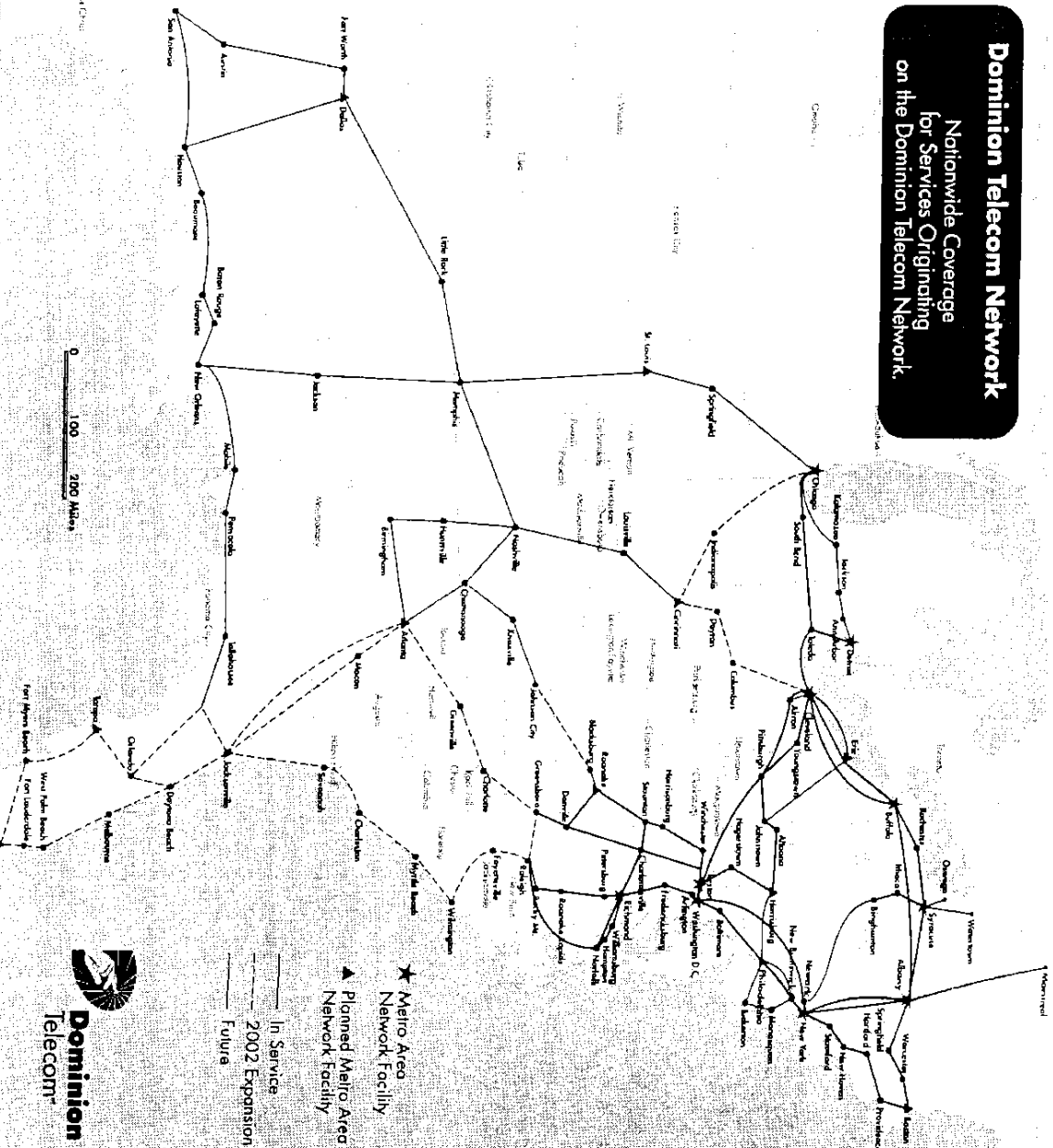
- **Who are we:** Facilities-based provider of broadband connectivity
- **What we do:** Provide end-to-end, point-to-point connectivity and network solutions
  - Tier 1, 2 and 3 cities
  - Eastern US (42% of U.S. population, 60% of telecom traffic)
- **Who we serve:** Telecom Companies
  - Worldcom, Sprint, AT&T
  - Wireless Service Providers
  - Internet Service Providers (AOL, Yahoo, Stargate)
  - Major Corps (Fortune 500), Fed / State Gov't (data networks)
- **What we offer:** Fiber optic broadband private line capacity, collocation, wavelengths, metro rings





# Dominion Telecom Network

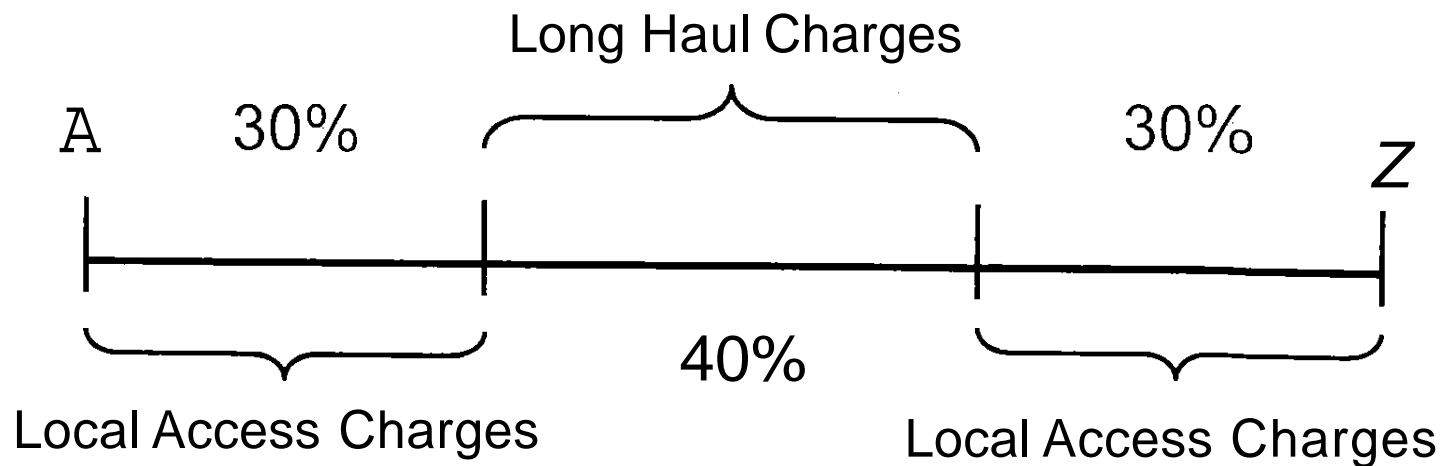
**Dominion Telecom Network**  
Nationwide Coverage  
for Services Originating  
on the Dominion Telecom Network.



899.854.2118  
www.dominiontel.com



# Near Two-Thirds of Total Telecom Cost to Customers is Local Access



The result is that nearly all the "competitive" pressure is felt by long haul providers like Dominion Telecom. This seriously affects the markets that carriers like us can afford to serve.



**EPPL**  
**FiberNet**

# CONNECTING *at the* SPEED *of* LIGHT

# WHO IS FPL FIBERNET?



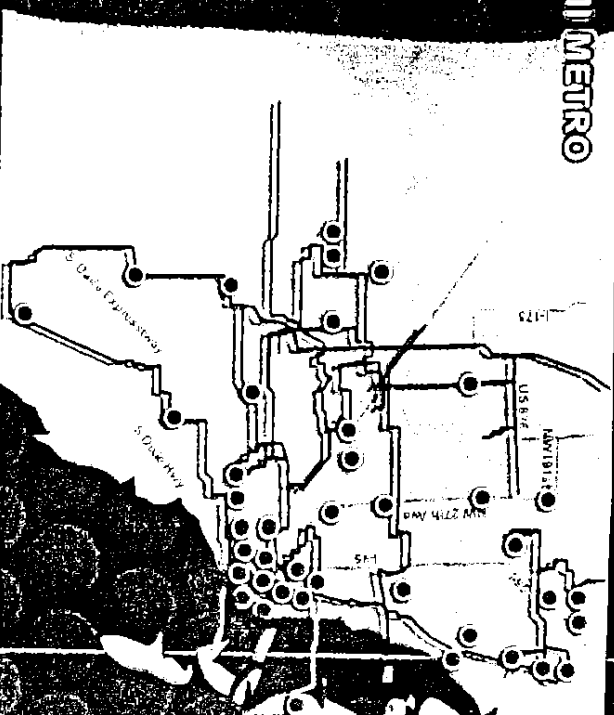
- ▣ A subsidiary of FPL Group
- ▣ An unregulated telco
- ▣ A carrier's carrier since 1996
- ▣ Primary business focus is the Florida metro market  
Miami, Ft. Lauderdale, Boca, West Palm Beach,  
Tampa, St. Petersburg, Orlando, and Jacksonville
- ▣ Selling and leasing dark fiber AND bandwidth at  
wholesale rates

# Our Core Strategy

- Build off our 15 years of telecom experience
- Capitalize on wealth of experience found in utility
- Focus on Florida's metro wholesale business
- Choke point — not the glut



MIAMI METRO



CONTINUED

# BUSINESS PLAN



- ▣ Not long haul or international - metro or last mile
- ▣ Metro demand is still unsatisfied
- ▣ Limited providers
- ▣ Incremental deployment, leverage previous investments
- ▣ Not a land grab mindset
- ▣ Secured anchor tenants
- ▣ Great business partners
- ▣ Products include both dark fiber and capacity
- ▣ A cost reduction alternative for our customers

CONTRACTS

STANDARD

TERMS

AND

# A POWERFUL STORY

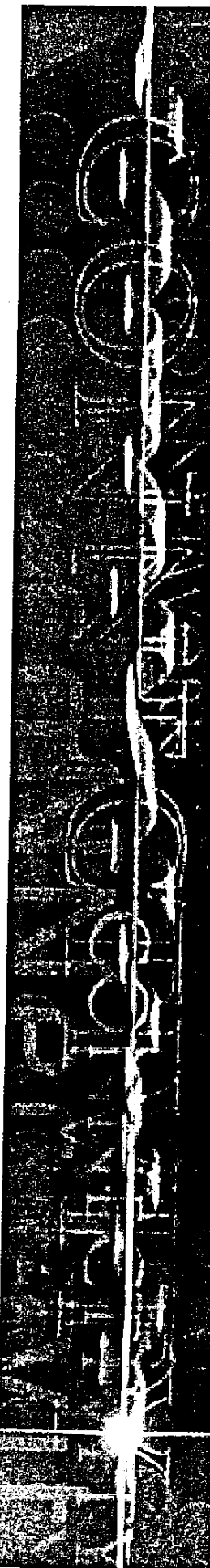


**FPL**  
**FiberNet**

- 2000**  
Launched  
FPL FiberNet  
as an unregulated  
subsidiary of  
FPL Group
- 1996**  
Began selling  
capacity as a  
carrier's carrier

- 1998**  
Stopped long haul  
builds, started  
metro builds

- 2001**  
Became one of the  
largest metropolitan  
area fiber optic  
network providers  
in the U.S.
- 1987**  
Started constructing,  
maintaining and  
restoring fiber optic  
networks for  
FPL utility





# OUR NETWORK

## *Building Customer Value*



— FPL FiberNet Network

Interconnection Agreement





**EPL**  
FiberNet

# THE VALUE OF OUR NETWORK

## REACH

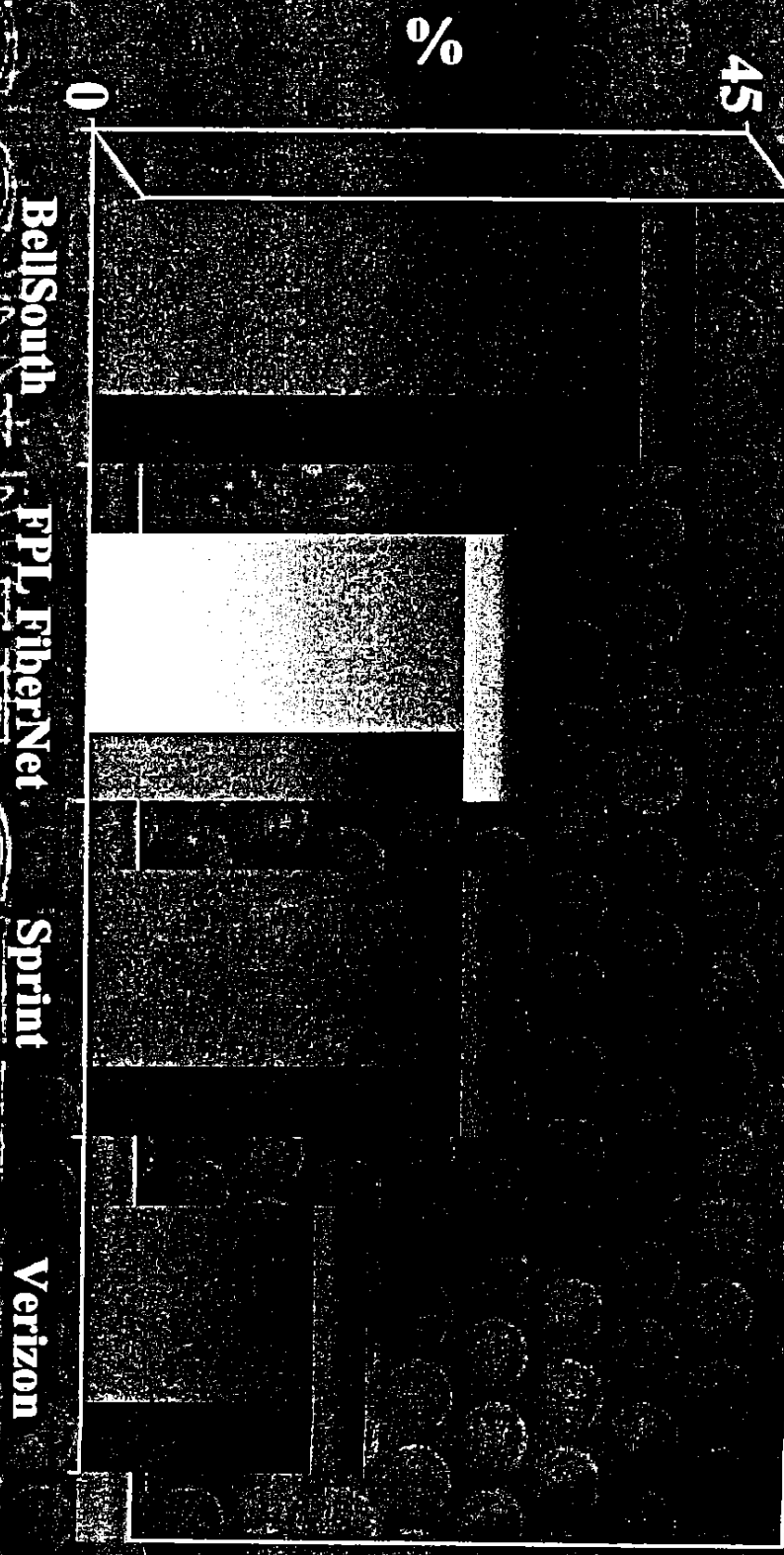
- ▣ Florida is the 4<sup>th</sup> largest state for telecom spending (and a market that's growing)
- ▣ Invested over \$350 million in network infrastructure
- ▣ We have 2,500 route miles of fiber that reaches more than 150 telecom centers in Florida (COs, Internet NAs, International Cable Heads, Carrier Pops, Carrier Hotels)
- ▣ This penetration yields the following results:



# THE VALUE OF OUR NETWORK

## *End Office Strength*

Hitting 26% of ILEC End Offices in Florida



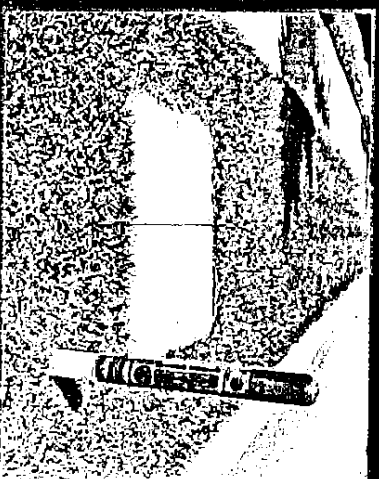


EPFL  
FiberNet

# THE VALUE OF OUR NETWORK RELIABILITY

Construction & Restoration - What you'd  
expect based on our utility heritage

- ▣ 80% underground
- ▣ Up to 4 conduits
- ▣ 216 or 432 fiber count
- ▣ BellCore review
- ▣ Telecordia standards
- ▣ Hurricane experienced



# WE'RE GROWING



## Accomplishments:

- Started with 1,600 route miles
- Deployed 900 route miles of metro fiber in Florida
- 260,000 fiber miles deployed
- Able to attract top talent – from 40 to 200 employees
- Significant year over year growth in:
  - revenues,
  - EBITDA, and
  - earnings

GOING FROM 40 TO 200 EMPLOYEES

# OUR SUCCESS FACTORS



FPL  
FiberNet

- ▮ In 1998 we recognized the long haul glut and the metro "choke point"
- ▮ Developed a Florida-only strategy
- ▮ Leveraged the strengths of FPL Group
- ▮ Asset optimization –selling dark fiber and capacity
- ▮ Stayed focused on executing our business plan
- Mission
- Vision

CONCENTRATED  
ON THE FIBER

ON THE FIBER

ON THE FIBER

# OUR SUCCESS FACTORS



**EPFL**  
FiberNet

- ▣ Used external sales channels as we developed our internal sales organization
- ▣ Offer multiple financing alternatives
- ▣ Building value – not a two fiber telco
- ▣ Our business model enables our customers to:
  - ▣ Get closer to their customers
  - ▣ Manage their own service levels
  - ▣ Reduce their costs!

CONJUNCTION

CONJUNCTION

CONJUNCTION



A COMPETITIVE ADVANTAGE  
AND A FINANCIAL EDGE



DARK FIBER

CAPACITY

Unique ability to scale between  
capacity and dark fiber

# OUR VALUE PROPOSITION

*We're the glue that connects*



**FPL  
FiberNet**

**Long Haul  
Carriers**

**NAP of the Americas  
&  
BellSouth Mix**

**Wireless Companies**

**ILECs & CLECs**

**ASPs &  
ISPs**

**Latin &  
South American  
Customers**



# PUTTING IT ALL TOGETHER



**FPL**  
FiberNet

The  
Management  
Team

Network

Financial  
Strength

Business  
Plan

GOING FORTH